

# **APPENDIX J** **TERM LEASE SUPPLEMENT**

**Date Prepared:**

**Customer No.:**

**Customer Address**

**Installed at Location**

**Supplement Number**

**IBM CSO Location:**

**IBM CSO Location Address**

**Term Lease Master Agreement No.:**

**Associated Supplement No.:**

**Amendment Nos.:**

**Addendum Nos.:**

**Quote Letter No.:**

**Customer Reference:**

Line No.	Location/ Lessor Customer No.	Installed State	Leased or Financed Item Type Model/Feature Description	Plant Order or MES No.	Serial No.	(*) Option	(*) Purchase Option	(*) Term	Unit Purchase Price/ Amount Financed	Rate \$/1000	Rent	Estimated Commencement /Release Date
Supplier Name				Supplier Customer No.			(*)Security Deposit		Total Amount Financed (this page)	(*) Interim Rent Applies	Total Rent (this page) Taxes may apply	Payment Period  Payment Commencement Date
									Total Amount Financed (all pages)		Total Rent (all pages) Taxes may apply	

(\*) See Additional Terms and Conditions page. (\*\*) First of the month following the Date of Installation.

[ ] Convenient Pay Program is required for this customer number.

**RATE VALIDITY DATE::**

THE TERM LEASE MASTER AGREEMENT (THE "AGREEMENT") REFERENCED ABOVE, IS HEREBY INCORPORATED BY REFERENCE AND LESSEE HEREUNDER SHALL BE BOUND TO THE TERMS AND CONDITIONS OF THE AGREEMENT AS LESSEE. THE AGREEMENT, THIS SUPPLEMENT AND ANY APPLICABLE ATTACHMENTS OR ADDENDA ARE THE COMPLETE AND EXCLUSIVE STATEMENT OF THE PARTIES WITH RESPECT TO THE SUBJECT MATTER HEREIN. THESE DOCUMENTS SUPERSEDE ANY PRIOR ORAL OR WRITTEN COMMUNICATIONS BETWEEN THE PARTIES. BY SIGNING BELOW, LESSEE REPRESENTS AND WARRANTS THAT LESSEE'S NAME AS SET FORTH IN THE SIGNATURE BLOCK BELOW IS LESSEE'S EXACT LEGAL NAME, AND THE INFORMATION IDENTIFYING LESSEE'S STATE OF ORGANIZATION IS TRUE, ACCURATE AND COMPLETE IN ALL RESPECTS. BY SIGNING BELOW, BOTH PARTIES AGREE TO THE TERMS REPRESENTED BY THIS SUPPLEMENT AS IT MAY BE AMENDED OR MODIFIED. IF AGREED TO IN WRITING BY LESSEE, LESSEE AUTHORIZES LESSOR TO CHANGE THE AMOUNT FINANCED AND/OR THE RENT. LESSEE FURTHER AUTHORIZES LESSOR TO INSERT MACHINE SERIAL NUMBERS ON THIS SUPPLEMENT AS THEY BECOME AVAILABLE, WITHOUT FURTHER AUTHORIZATION FROM LESSEE. DELIVERY OF AN EXECUTED COPY OF ANY OF THE DOCUMENTS REFERENCED ABOVE BY FACSIMILE OR OTHER RELIABLE MEANS SHALL BE DEEMED TO BE AS EFFECTIVE FOR ALL PURPOSES AS DELIVERY OF A MANUALLY EXECUTED COPY. LESSEE ACKNOWLEDGES THAT LESSOR MAY MAINTAIN A COPY OF THESE DOCUMENTS IN ELECTRONIC FORM AND AGREES THAT A COPY REPRODUCED FROM SUCH ELECTRONIC FORM OR BY ANY OTHER RELIABLE MEANS (FOR EXAMPLE, PHOTOCOPY, IMAGE OR FACSIMILE) SHALL IN ALL RESPECTS BE CONSIDERED EQUIVALENT TO AN ORIGINAL. IF INDICATED HERE, THE FOLLOWING ATTACHMENTS SHALL APPLY TO AND BE INCORPORATED BY REFERENCE:

Accepted by:

**IBM Credit LLC**

For or as Lessor:

By: \_\_\_\_\_  
Authorized Signature

By: \_\_\_\_\_  
Authorized Signature

Name (Type or Print) Title Date

Name (Type or Print) Title Date

State of Organization: \_\_\_\_\_

# TERM LEASE SUPPLEMENT – Additional Terms and Conditions

## OPTION CODES

B	Lease with fair market value end-of-lease purchase option and Lessor is owner for federal income tax purposes	L	Lease for used Equipment supplied by Lessor
B+	Lease with fair market value end-of-lease purchase option	LG	Lease for used Equipment supplied by Lessor for State & Local Government Lessees
B'	Lease with predated end-of-lease purchase option	S	Loan for IBM Financed Items
B\$	Lease with \$1.00 end-of-lease purchase option	S'	Loan for IBM Financed Items for State & Local Government Lessees
G	Lease with fair market value end-of-lease purchase option for State & Local Government Lessees	T	Loan for non-IBM Financed Items
G'	Lease with \$1.00 end-of-lease purchase option for State & Local Government Lessees	T'	Loan for non-IBM Financed Items for State & Local Government Lessees

For Options B\$ and G': Provided Lessee is not then in default and all Rent payments have been made, upon the conclusion of the initial term of the lease, all rights, title and interest in the Equipment shall pass from Lessor to Lessee.

IBM Credit LLC makes no representation whatsoever regarding Lessee's accounting treatment related to any transaction under the Agreement or this Supplement.

## TERM

Number: Indicates number of months of the Lease Term

CO: Coterminous Lease. Term of this Equipment and associated item of Equipment expire simultaneously.

## PURCHASE OPTIONS (END OF LEASE ONLY)

FM	Fair market sales value at end-of-Lease	NA	Not Applicable
CL	Contact IBM Credit for purchase price	\$1	Purchase price is one dollar

(\$1.00)

Number Prestated purchase percent. Purchase price will be the Unit Purchase Price times this %.

**INTEREST RATES.** The Interest Rate, if stated, is the annual percentage rate ("APR") which shall not exceed the lesser of the APR set forth on the front of this Supplement or the highest rate from time to time permitted by applicable law.

**RATE PROTECTION.** The Rates stated on the Supplement are not subject to change if the Supplement is signed and returned to Lessor by the rate validity date indicated on the face of the Supplement and Equipment is either (i) supplied by IBM and installed by the last day of the month of the Estimated Commencement Date or (ii) not supplied by IBM and a certificate of acceptance ("COA") is signed by Lessee with a Rent Commencement Date on or prior to the last day of the month of the Estimated Commencement Date stated on the Supplement and such COA is accepted by Lessor.

**RENT COMMENCEMENT DATE.** Notwithstanding anything to the contrary in the Agreement, the Rent Commencement Date for (i) personal computing equipment, including personal computer-based servers, shall be the date supplied by Lessor on the COA or (ii) for Equipment supplied by Lessor, shall be the earlier of the date of installation or seven (7) days after the Release Date or as specified in the Supplement.

**BASE EXTENSIONS.** For Equipment and/or Financed Items described as "Base Extension", this Supplement amends and restates the terms of the Lease and/or Financing Transaction for such Equipment and/or Financed Items and incorporates the terms of the Agreement referenced on this Supplement.

**SUPPLEMENT ADDITIONAL TERMS.** When indicated on the face of the Supplement, the following terms and conditions shall apply to transactions indicated in this Supplement.

\***INTERIM RENT.** The Payment Commencement Date shall be the first day of the first full Payment Period following the date that would otherwise constitute the "Rent Commencement Date" under Paragraph 13 of the Agreement and Lessee will pay interim Rent from such date to the Payment Commencement Date. Such interim Rent shall be prorated based on the number of days in the Payment Period.

\***PAYMENT IN ADVANCE.** Rent will be due on the first day of each Payment Period and (except for the invoice for the first Payment Period) will be invoiced one month before its due date. The invoice for any initial partial Payment Period and the first full Payment Period will be issued on the first day of the first full Payment Period following the date of installation.

\***PAYMENT IN ARREARS.** Rent will be invoiced in advance as of the first day of each Payment Period and will be due on the day following the last day of the Payment Period.

**STATE AND LOCAL GOVERNMENT LESSEES. For Options G', S' and T':** The interest rates applicable to this Supplement are based on many factors including Lessee's underlying obligation qualifying to pay interest that is treated as exempt by the Internal Revenue Service (IRS) from federal income tax under Section 103(a) of the Internal Revenue Code (Code), as well as many proprietary factors including pricing assumptions made by Lessor as to whether Lessor anticipates being able to recognize any benefits of this tax exemption. Accordingly, Lessee represents that Lessee qualifies as a State or political subdivision of a State for purposes of Section 103(a) of the Code and that Lessee will not allow the use of the Equipment, Modification or Financed Items by the federal government or in a trade or business carried on by any person or entity other than a governmental unit (collectively, "private business use"). Lessee agrees that any misrepresentation of Lessee's status under Section 103(a) or allowance of private business is an event of default under this Agreement. Lessee further agrees to comply promptly with all information reporting requirements of Code Section 149(e) and Treasury Regulations thereunder. Lessee also agrees to file IR S Form 8038-G or 8038-GC, whichever appropriate, for this transaction. If Lessee does not file the above IRS form on a timely basis, or if Lessee is unable upon request to demonstrate that the IRS has determined Lessee is qualified under Section 103(a) of the Code or Lessee allows private business use of the Equipment, Modification or Financed Items, then Lessee shall pay Lessor, on demand, a sum to be determined by Lessor that will return to Lessor the economic results Lessor would otherwise have received if the interest had qualified for exemption from federal taxation under Section 103(a) of the Code. Lessor's interest in the Supplement and the payments hereunder may be assigned and reassigned without Lessee's consent; provided that any assignment shall not be effective until Lessee has received written notice, signed by assignor, containing the name, address and tax ID number of the assignee and subassignees. Lessee shall keep copies of all such notices and make payments to current assignee(s). The interest rates applicable to this Supplement may include product discounts that are provided to Lessor by Lessee's Suppliers and passed on to Lessee in the form of lower rates.

**EQUIPMENT AND FINANCED ITEMS.** Lessor reserves the right to reject any invoice that is: i) not for information technology equipment, software and services, or ii) dated more than 90 days prior to the date Lessor receives authorization from Lessee to fund.

**AUTHORITY TO FILE FINANCING STATEMENTS.** Lessee hereby authorizes Lessor to file Uniform Commercial Code (UCC) financing statements relating to the Collateral, as defined below. Lessee hereby grants to Lessor a first priority security interest in the Equipment together with all related software (embedded therein or otherwise), all Financed Items, and all additions, attachments, accessories, accessions and upgrades thereto and any and all substitutions, replacements or exchanges for any such item of Equipment or software and any and all proceeds of any of the foregoing, including, without limitations, payments under insurance or any indemnity or warranty relating to loss or damage to such Equipment and Financed Items ("Collateral")

**TRANSFER OF OBLIGATIONS.** Lessee agrees that any transaction initiated under this Agreement shall be binding upon Lessee's successor and permitted assigns.

**ADDITIONAL DEFAULT; REMEDIES.** If convenient pay requirement is checked, Lessee will be in default if a direct debit entry from Lessee's specified business deposit account is refused for any reason. If Lessee is in default, Lessee agrees to surrender to Lessor for return to licensor or owner all licensed program materials financed hereunder and to destroy any and all copies thereof. If under applicable law, Lessor is required to comply with standards of commercial reasonableness applicable to secured financings in disposing of the Equipment, Lessee agrees that 10 days prior written notice shall constitute adequate notice of disposition, and any disposition of the Equipment will be conveyed on an "AS IS" basis and Lessor may disclaim any and all warranties.

**FINANCIAL STATEMENTS.** Upon request, if not publicly available, Lessee agrees to provide to Lessor audited financial statements or unaudited financial statements with Lessor's approval in such case in form satisfactory to Lessor.

**ALTERATIONS; MODIFICATIONS; PARTS.** Lessee agrees to (i) allow installation of any changes, additions, and/or capacity monitoring hardware or software on Equipment, as required by manufacturer, or permit manufacturer to monitor Equipment capacity; and (ii) comply with any other terms between Lessee and Equipment manufacturer, including, but not limited to, those that relate to Equipment capacity.

**RETURN OF EQUIPMENT.** Unless otherwise agreed to in writing by the parties and prior to return to Lessor of each item of Equipment, Lessee is responsible for removing all information and data, including, but not limited to, programs not licensed to a specific item of Equipment. Lessor has no obligation to remove Lessee's or any other party's information from an item of Equipment.

**LESSEE REPRESENTATIONS.** Lessee represents that: (i) any information Lessee may provide to Lessor related to the acquisition price of Equipment and/or Financed Items is the true and accurate price charged by and to be paid to Lessee's Supplier for such Equipment and/or Financed Items; and (ii) Lessee will use all funds, if any, received from Lessor for acquisition of Equipment and/or Financed Items for the sole purpose of acquiring such Equipment and/or Financed Items.